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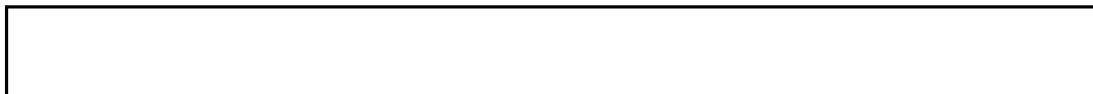
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USSR-PAKISTAN: President Bhutto's visit to the USSR will probably be difficult, but both sides have an interest in getting their relationship back on the tracks.

Moscow has cause to be confident on the eve of Bhutto's arrival. The Pakistani leader has not been publicly hostile toward the USSR since his assumption of office in December, and Moscow welcomes Islamabad's recent announcement that Pakistan has begun talks aimed at restoring diplomatic relations with the USSR's Communist allies. Pakistan broke relations with Poland, Czechoslovakia, Hungary, Bulgaria, and Mongolia when they recognized Bangladesh.

The Soviets are interested in promoting a peace settlement and probably will urge Bhutto to commence negotiations with India and Bangladesh in the near future. Moscow already has transmitted several messages regarding negotiations between the Indians and Pakistanis and may be willing to play a more active role. The USSR may try to influence Bhutto to accept the Indian and Bengali positions by offering to return the 300 aid technicians who were withdrawn from West Pakistan at the outbreak of the war.

Bhutto is deeply suspicious of alleged Soviet plots to collaborate with local opposition groups to unseat him, and he will be interested in probing how far Moscow will go toward improving relations with his government. He would welcome genuine Soviet assistance in facilitating a dialogue with leaders in New Delhi and Dacca, particularly in negotiating the release of some 90,000 Pakistani prisoners of war held by the Indians, but he will be sensitive to any Soviet attempt to push him too far on peace negotiations. Bhutto apparently favors negotiations only on those issues arising directly from the December war; New Delhi wants a wider review of all outstanding Indo-Pakistani problems. Bhutto would welcome Soviet interest in resuming its aid program for practical reasons and as evidence of Moscow's good faith.

[REDACTED]

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ARGENTINA: Juan Peron has again demonstrated that he remains the dominant personality in Argentine politics.

Citing the new political front he is attempting to put together as the best way to benefit the working class, Peron enjoined his followers, who control organized labor, to act with "prudence and wisdom" in seeking wage concessions from the government. He thus headed off hardliners' demands for a series of strikes that could have provoked violent clashes between labor and government forces. Labor leaders have rescheduled a meeting of the national confederation's central committee for 17 March to consider opposition tactics, but Peron's intervention should permit the moderates to dominate the meeting.

The new Civic Front for National Liberation is an attempt by Peron to unite the various political and economic sectors, including many of his traditional enemies, into a broad front before the elections scheduled for next March. The Peronists have already achieved considerable success in working with former political opponents such as the Radical Party in smaller coalitions, and Peron's proposal for a new front is receiving much attention in Argentine political circles. Argentines of all political hues are now traveling to Madrid to consult with Peron. By rejecting political violence and working toward elections, Peron appears to be playing within the general rules laid down by President Lanusse. The growing evidence of his continuing power, however, has undoubtedly alarmed his many implacable opponents in Argentina. In the armed forces, particularly, there is likely to be growing sentiment for action to prevent Peronists from gaining control.



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MEXICO-JAPAN: President Echeverria's visit to Japan reflects his desire to diversify export markets and dilute Mexico's economic dependence on the US.

The joint communiqué issued at the conclusion of the visit on 14 March indicates modest success in attracting greater Japanese interest in several investment and trade projects. Specific arrangements, if any were made, have not been announced, but the Japanese showed a desire to aid the Mexicans in several developmental projects. Many of these projects are of interest to US firms, some of which have been concerned that decisions made in Tokyo might be adverse to US commercial interests.

Prime Minister Sato said his government is ready, after weighing technical studies, to grant loans to Mexico on favorable terms for the improvement of Pacific coast port facilities. Better harbor facilities there would facilitate trade with Japan. Sato also expressed interest in providing technical and financial assistance for the construction of the Las Truchas mining and steel-making complex, a huge project in southwestern Mexico that US firms are bidding for. The possibility that Japan will aid Mexico's rural telecommunications development program was also mentioned.

Both governments seem eager to expand trade and aid relations. The Mexican Government believes, in particular, that Japanese technology and financial resources offer promising prospects to speed up its industrialization. Tokyo would like to expand Japanese sales and private investment in Latin America generally and considers Mexico one of the best prospects.

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USSR: An article by a Soviet economist who recently visited the US indicates a growing interest in US management techniques.

The article in the party's industrial newspaper recounts the decline in the US of financial decision-making at lower management levels, the emphasis on professional business training, especially in computer techniques, and the pressure for organizational change to improve performance and reduce costs. The article also examines the role of the US executive at various levels of the corporate structure, noting that many administrators "are being christened with the Russian word czar."

The article indicates a growing objectivity and sophistication toward management practices. Since the early 1960s, the more liberal Soviet economists have argued that the adoption of Western innovations in managerial methods could improve the efficiency of the Soviet economy. In recent years, several Soviet students have attended US business schools, returning home to become faculty members in training institutes that prepare Soviet teachers in management theory and practice. Thus far the effort to implement Western techniques has been limited and has had minimal effect, in large part because most of the Soviet economic bureaucracy and administrative hierarchy remain unsympathetic to these approaches.



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TUNISIA: A new student boycott has been launched in an effort to persuade the government to accede to student demands.

Student leaders at the school of science of the University of Tunis, the largest of the three schools remaining open after the closure last month of the schools of arts and law, began a three-day strike on Tuesday.

The strike apparently is an attempt to force a government response to an offer made by virtually all of the university professors to participate in a commission to deal with student grievances. As preconditions for participation, the professors asked that the schools of arts and law be reopened and detained students be released. The professors may also have endorsed the basic student demand for a new, freely elected administration committee of the students' organization.

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Weather Damages Soviet Winter Grain



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NOTES

USSR-CUBA: Fidel Castro will visit the USSR in May for the first time since 1964. [REDACTED]

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[REDACTED] The Cuban leader presumably will seek reassurances of Moscow's commitment to Havana before the US-USSR summit later the same month, and the Soviets probably welcome the opportunity to demonstrate Soviet-Cuban solidarity. Political relations have improved over the last few years and Castro now lends at least verbal support to Moscow's cautious support of revolutionary movements in Latin America. Economic differences persist, however, and the Soviets will certainly want to discuss Castro's uneven management of the Cuban economy. [REDACTED]

USSR: Recent Soviet press reports indicate that unfavorable weather during the first two months of the year killed about one third of the winter grains sown in the Ukraine and Belorussia. These republics normally account for some 30 percent of the USSR's total winter grain acreage. Losses of a similar magnitude may also have affected the country's major winter grain belt in the RSFSR. The Soviets currently are attempting to determine to what extent the damaged fields will require reseeding, complete or supplemental, with spring grains. [REDACTED]

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